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XI. UNITED NATIONS OFFICE FOR PROJECT SERVICES

1. The Executive Director of the United Nations Office for Project Services (UNOPS) introduced the report on the implementation of decisions 94/32 and 95/1 on the United Nations Office for Project Services (DP/1995/37). He noted that the report should be seen in conjunction with the annual report of the Administrator for 1994 (DP/1995/30/Add.1). The 1994 UNOPS annual report was also distributed.

2. He informed the Executive Board that following the approval of the UNOPS Financial Regulations by the Board in January 1995, work had been initiated to establish dedicated UNOPS Financial Rules. Moreover, UNOPS was undertaking the preparation of agreements between UNDP and UNOPS, in line with Regulation 5.3, and a risk analysis study with the United Nations Office of Legal Affairs, as suggested by the Advisory Committee on Administrative and Budgetary Questions. UNOPS had established the Procurement Review and Advisory Committee, which had resulted in a reduction of the average turn-around time required for the review of proposed procurement actions by 50 per cent. A task force had been set up between UNDP and UNOPS to prepare two agreements establishing a division of responsibilities and labour between the two organizations, which were expected to be finalized by the end of 1995. One defined the new relationship between the two organizations and the other the nature and extent of central services that UNDP would render to UNOPS.

3. Several delegations voiced their appreciation of the additional and updated information provided by UNOPS. One delegation requested that in the future UNOPS issue comprehensive annual reports, with analysis of problems faced or foreseen. Several delegations asked for comments on the viability of UNOPS in light of its recent transition. More information on financial rules and regulations and on procurement activities was sought.

4. The Executive Director informed the Executive Board that future reports to the Board would combine the elements concerning UNOPS that had, in the transitional year, been presented separately in the report of the Administrator and in the report of the Executive Director, and that the analytical elements of UNOPS reports would be strengthened. The UNOPS Financial Rules, expected to be finalized by the end of 1995, would be circulated in advance of their promulgation, with Executive Board members given 30 days to comment. The ratio between actual implementation and available project budgets for 1994 was considered satisfactory. The Executive Director noted that UNOPS had lost a certain amount of business owing to the uncertainty of its situation during the discussions on its future, with an estimated loss of some $100-150 million worth of business. While there was reason for concern as regarded the existing portfolio for 1996 and beyond, UNOPS was hopeful of attracting new and non-traditional business through United Nations agencies, an initiative that had so far garnered considerable interest owing to its recognized delivery capacity. UNOPS had established contacts with the United Nations Centre on Human Settlements with a view to cooperating in programmes that promoted sustainable human development, particularly at municipal levels. UNOPS was committed to giving prompt service for implementation and value for money while striving to lower its administrative costs. The Executive Director stated that he would keep the Executive Board informed as the various issues evolved.

5. The Executive Board took note of the report on the Office of Project Services (DP/1995/37).